VZCZCXRO5641 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #0185/01 0270803 ZNR UUUUU ZZH P 270803Z JAN 09 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 0300 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/USFJ //J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/CTF 72 RUEHNH/AMCONSUL NAHA 4416 RUEHFK/AMCONSUL FUKUOKA 2069 RUEHOK/AMCONSUL OSAKA KOBE 5857 RUEHNAG/AMCONSUL NAGOYA 9955 RUEHKSO/AMCONSUL SAPPORO 2628 RUEHBJ/AMEMBASSY BEIJING 7414 RUEHUL/AMEMBASSY SEOUL 3451 RUCNDT/USMISSION USUN NEW YORK 3445

UNCLAS SECTION 01 OF 12 TOKYO 000185

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA; WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE; SECDEF FOR JCS-J-5/JAPAN, DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: OIIP KMDR KPAO PGOV PINR ECON ELAB JA

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/27/09

INDEX:

- (1) Government gearing up for dispatching MSDF to pirate-infested waters off Somalia (Mainichi)
- (2) DPJ's Maehara: Japan-U.S. alliance is linchpin of Japan's diplomacy (Sankei)
- (3) Poll on Aso cabinet, political parties (Nikkei)
- (4) Poll on Aso cabinet, political parties (Mainichi)
- (5) Prime Minister Aso's unwavering insights (Sankei)
- (6) Second extra budget to be enacted possibly today: A little closer to compiling economic stimulus package; Diet approval for bills aimed at securing 4 trillion yen in financial resources not yet in sight; Discussion on additional measures behind timetable (Nikkei)
- (7) Autobiography of former Ambassador Howard Baker: I took oath of office, feeling expectations based on Bush's stance of prioritizing Japan (Nikkei)

ARTICLES:

(1) Government gearing up for dispatching MSDF to pirate-infested waters off Somalia

MAINICHI (Page 1) (Excerpts) January 25, 2009 In a ministerial meeting of the UN Security Council held on Dec. 16 in the UN headquarters in New York, Yasutoshi Nishimura of the Liberal Democratic Party, a parliamentary official of the Foreign Ministry, was expectantly waiting for his turn to deliver a speech. In it, he was going to express Japan's willingness to prepare new legislation that would authorize Japan's anti-piracy operations and to urgently work out effective anti-piracy measures possible under the existing law. He attended the meeting on behalf of Foreign Minister Yasuhiro Nakasone. Prior to the conference, Nishimura had received the words "excellent" when he told then Secretary of State Condoleezza Rice: "Japan is considering the possibility of dispatching Maritime Self-Defense Force (MSDF) troops."

Only Japan among the Group of Eight (G-8) countries has yet to deploy warships to the waters off Somalia. Nishimura was hopeful of obtaining understanding from the audience in the UN meeting for Japan's position with an explanation about the Japanese government's two-stage dispatch plan by employing the existing law first and then applying the new law.

But when China's Vice Foreign Minister He Yafei stressed in his speech, "China is actively considering dispatching a naval force," there was a general stir that swept across the audience. Last year, seven Chinese commercial ships were hijacked by pirates. China's dispatch plan took everyone by surprise because it had not been announced. It weakened the impact of Nishimura's declaration, which came long after the Chinese official's speech.

TOKYO 00000185 002 OF 012

The UNSC adopted in its meeting on Dec. 16 Resolution 1851, which allows military attacks on pirates' ground bases and designates the waters off Somalia as an area for international cooperation.

China's moves upset the Japanese government. Unlike Japan, which finds it difficult to dispatch SDF troops overseas, China has been proactive about having its troops join UN peacekeeping and other international cooperative operations, resulting in increasing its influence. A senior government official of the Cabinet Secretariat advised Prime Minister Aso, "Japan should not let China beat it," and Aso reportedly replied: "You are right."

In response to a question of whether Japan would dispatch SDF troops to Somalia, Chief Cabinet Secretary Takeo Kawamura -- even though there had been no reference to China in the question -- said: "China reportedly will soon be dispatching its warships to the area, so Japan also needs to take measures swiftly."

Aides to the prime minister, giving consideration to the New Komeito's cautious view, intended to disclose early this year Japan's decision to dispatch the MSDF that involved issuing an order for maritime policing action. But Aso said before reporters on the night of Dec. 25: "Urgent action should be taken. Although the government should think about new legislation, it will take time until the process is completed, so Japan will cope with the situation by invoking the policing provision for the time being."

On Dec. 26, China dispatched two destroyers and a supply ship to the Gulf of Aden.

Shelving of discussion on new legislation concerned

The government has invoked the policing provision only twice: first, when an unidentified North Korean boat was spotted in 1999, and second, when a Chinese nuclear submarine intruded into Japanese territorial waters in 2004. The provision authorizes the government to mobilize SDF troops to cope with a situation that demands higher capability than the Japan Coast Guard can offer. It does not assume operations in waters far from Japan. Given this, the focus of discussion in the government was on the need for a dispatch and legal grounds.

Important sea lanes run through the Gulf of Aden, which is located between Somalia, a country in a state of anarchy, and Yemen. About

20,000 ships, including 2,300 operated by Japanese companies, pass annually through the gulf.

The first attack by pirates in the Somalia waters against a Japanese ship occurred on Oct. 28, 2007. On April 21 of last year, a high-speed boat attacked and bombed a Japanese oil tanker. On Nov. 14, a Chinese fishing boat was hijacked off Kenya. The Japanese captain has been held by the pirates since then.

The idea of dispatching the SDF to the waters off Somalia came up as a political topic during a meeting of the House of Representatives' special committee on antiterrorism measures on Oct. 17 of last year. In response to a question about the possibility by Democratic Party of Japan member Akihisa Nagashima, Aso said: "I think that is very significant as a maritime policing action."

But many government officials remained unresponsive to the idea. Japan Coast Guard Director Teiji Iwasaki said in the Diet last

TOKYO 00000185 003 OF 012

October: "It would be difficult to mobilize (JCG) patrol ships, all things considered." Defense Minister Yasukazu Hamada has also expressed a cautious view about the dispatch plan, based on the view that the dispatch under the policing clause would fall under the "evasion of law," according to a government source.

Upon learning China's plan to mobilize its naval vessels, Land, Infrastructure, Transport & Tourism Minister Kazuyoshi Kaneko urged the Defense Ministry in a ministerial meeting on Dec. 24 to take necessary action, saying: "It is necessary to deal with this issue swiftly." But Hamada remained silent with a discontented look. Former Defense Minister and currently Agriculture, Forestry and Fisheries Minister Shigeru Ishiba spoke for Hamada: "Although there are no constitutional problems, the policing clause does not assume that the order will be kept in place."

Hamada wants to see MSDF troops dispatched after the nation's weapon-use standards are eased in a new law. He fears that the discussion on new legislation would be put on hold.

Weapon-use standards left to SDF judgments

The ruling coalition's project team on anti-piracy measures held its first meeting on Jan. 9, focusing on rules for the MSDF to use weapons during anti-piracy operations.

Taken up in its meeting on the 13th was a case in which the Indian Navy mistakenly sank a fishing boat hijacked by pirates, eventually killing hostages.

Dispatched SDF members are allowed to launch a damaging attack if it is for legitimate self-defense and averting imminent danger. But the question is to what extent self-defense and avoiding imminent danger are applied in the event that SDF members kill or wound pirates or private citizens. Defense Ministry's Operations and Planning Bureau Director General Hideshi Tokuchi insisted in the meeting on the need to set weapon-use standards in accordance with the actual situation, saying: "In shooting at a ship, if troops kill or injure crewmembers, commanding officers may be prosecuted."

Ahead of the Obama administration's inauguration, the Prime Minister's Office and the Foreign Ministry judged it undesirable for Japan to take slow action in international cooperation. In the ruling camp, many members thought it would be difficult to enact new legislation, not knowing the response of the Democratic Party of Japan, which controls the House of Councillors. Given such circumstances, the view that the SDF should be quickly dispatched under the existing law gained influence.

In a meeting of the panel on the 20th, when how MSDF warships should escort commercial freighters and other ships, even Lower House member Masao Akamatsu of the New Komeito said: "We should not be engaged in this kind of discussion. It is important to take quick action."

Regarding weapon-use standards, the interim report released the

project team on the 22nd entrusted most of the decision-making to SDF operational rules, noting: "The Defense Ministry will take the lead in setting specific standards." A senior uniformed member from the SDF staff offices grumbled: "The report requires SDF members to make a judgment on a key part of the mission. We would be scolded if we went too far or if we did too little."

TOKYO 00000185 004 OF 012

In December of last year, Upper House member Masahisa Sato of the Liberal Democratic Party, former commander of the 1st Iraqi Reconstruction Group, visited Djibouti, the base of the French Military's anti-piracy operation. After returning home, he reported: "It is all each country can do to protect their ships. Coordination in the Japanese government has not gone smoothly." The Foreign Ministry has viewed that China's deployment of its warships to the Somalia waters is also aimed at protecting its ships.

(2) DPJ's Maehara: Japan-U.S. alliance is linchpin of Japan's diplomacy

SANKEI (Page 5) (Full) January 24, 2009

Seiji Maehara, former president of the Democratic Party of Japan (DPJ) stated in an interview to the Sankei Shimbun: "The cornerstone of Japan's foreign policy is its alliance with the United States." The main points of his interview are as follows:

In the wake of Aso cabinet's support rate dropping below 20 PERCENT, there is an atmosphere in the ruling Liberal Democratic Party (LDP) that the party will not be able to win an election under the lead of Prime Minister Taro Aso.

However, the DPJ should act as if nothing has happened. It is important for our party to urge the prime minister to dissolve the House of Representatives and call a snap election as early as possible, in order to bring about a change in government. I think that if our party fails to gain a sole majority in the next Lower House election, the notion of forming a coalition government will arise. Even if the party secures a majority of the Lower House seats, it does not command a majority of seats in the House of Councillors without the cooperation of the Social Democratic Party (SDP) and People's New Party (PNP). After the general election, it is necessary to find ways for cooperation with other parties in a variety of ways.

I highly value President Ichiro Ozawa's political skill of putting forward a policy of confronting the LDP because political change is just around the corner.

However, if a two-party system takes hold, a divided Diet, under which each of the two Diet chambers is controlled by different parties, could occur in the future as well. Should the government be unable to implement policy measures due to turmoil in the Diet, it will have a negative impact on Japan's development.

The ruling and opposition parties will likely find ways to act as a mature democracy under which the two sides reach a conclusion through in-depth discussions. In the future, I want to ask President Ozawa to make efforts for bringing together views in the party.

The Japan-U.S. alliance is the linchpin of Japan's foreign policy. Secretary of State Hillary Clinton stated: "The U.S. relations with Japan is absolutely essential to maintain peace and prosperity in the Asia-Pacific region, a cornerstone of American policy in Asia." I think there will be no big change in Japan-U.S. relations under the Obama administration.

In last year's extraordinary Diet session, the DPJ opposed the bill

TOKYO 00000185 005 OF 012

amending the new Antiterrorism Special Measures Law to extend by one year the Maritime Self-Defense Force's (MSDF) refueling operation.

Therefore, if a DPJ-led government is inaugurated, the MSDF's refueling mission will be suspended. However, since stability in Afghanistan and in the entire Middle East will lead to stable oil prices, Japan should commit itself in some fashion (to stabilizing Afghanistan).

Specifically, Japan should take part in the International Security Assistance Force in Afghanistan (ISAF) and start providing assistance in such civilian areas as agriculture, police and medical service as a responsible member of the Provincial Reconstruction Team (PRT). Since maintaining security is needed for carrying out aid activities, weapons-use standards should be flexible.

The UN-centered diplomacy Mr. Ozawa has advocated is not bad in the sense that each country will do its best to raise the status of the United Nations. In order for its security and international contribution, it is essential for Japan to balance the United Nations and the Japan-U.S. alliance. Japan should not regard the United Nations alone as supreme.

(3) Poll on Aso cabinet, political parties

NIKKEI (Page 2) (Full) January 26, 2009

Questions & Answers (Figures shown in percentage. Parentheses denote findings from the last survey conducted in December last year.)

Q: Do you support the Aso cabinet?

Yes 19 (21) No 76 (73) Can't say (C/S) + don't know (D/K) 5 (6)

Q: Which political party do you support or like?

Liberal Democratic Party (LDP) 29 (35)
Democratic Party of Japan (DPJ or Minshuto) 37 (33)
New Komeito (NK) 3 (4)
Japanese Communist Party (JCP) 5 (5)
Social Democratic Party (SDP or Shaminto) 1 (2)
People's New Party (PNP or Kokumin Shinto) 0 (0)
Reform Club (RC or Kaikaku Kurabu) 0 (0)
New Party Nippon (NPN or Shinto Nippon) 0 (1)
Other political parties 1 (1)
None 16 (16)
C/S+D/K 6 (4)

Q: When do you think the House of Representatives should be dissolved for a general election?

As early as possible 42
After the budget's passage this spring 24
Late in the current ordinary Diet session 6
No need to hurry 19
Other answers + C/S + D/K 9

(Note) The total percentage does not become 100 PERCENT $\,$ in some cases due to rounding

TOKYO 00000185 006 OF 012

Polling methodology: The survey was taken Jan. 23-25 by Nikkei Research Inc. by telephone on a random digit dialing (RDD) basis. For the survey, samples were chosen from among men and women aged 20 and over across the nation. A total of 1,516 households with one or more eligible voters were sampled, and answers were obtained from 931 persons (61.4 PERCENT).

(4) Poll on Aso cabinet, political parties

MAINICHI (Page 2) (Full) January 26, 2009

Questions & Answers

```
(T = total; P = previous; M = male; F = female)
Q: Do you support the Aso cabinet?
 TPMF
Yes 19 (21) 20 18
No 65 (58) 67 62
Not interested 15 (19) 11 18
Q: (Only for those who answered "yes" to the above question) Why?
 TPMF
Because the prime minister is from the Liberal Democratic Party 29
(26) 28 31
Because something can be expected of the prime minister's leadership
12 (19) 13 11
Because there's something friendly about the prime minister 26 (21)
27 24
Because something can be expected of the prime minister's policy
measures 18 (15) 15 22
Q: (Only for those who answered "no" to the above question) Why?
 TPMF
Because the prime minister is from the Liberal Democratic Party 6
(6)75
Because nothing can be expected of the prime minister's leadership
33 (27)
        31 35
Because there's something imprudent about the prime minister 14 (20)
13 15
Because nothing can be expected of the prime minister's policy
measures 45 (37) 48 41
Q: Which political party do you support?
 трмғ
Liberal Democratic Party (LDP) 20 (23) 20 19
Democratic Party of Japan (DPJ or Minshuto) 26 (24) 33 18
New Komeito (NK) 5 (5) 3 6
Japanese Communist Party (JCP) 3 (3) 3 4
Social Democratic Party (SDP or Shaminto) 1 (1) 1 2
People's New Party (PNP or Kokumin Shinto) 0 (1) 1 --
Reform Club (RC or Kaikaku Kurabu) 0 (--) -- 0
New Party Nippon (NPN or Shinto Nippon) 0 (0) 0 --
Other political parties 1 (1) 1 2
None 42 (37) 37 47
Q: Who do you think is more appropriate for prime minister between
TOKYO 00000185 007 OF 012
Prime Minister Aso and DPJ President Ozawa?
 TPMF
Prime Minister Aso 16 (19) 16 16
DPJ President Ozawa 25 (21) 29 20
Neither is appropriate 55 (54) 52 59
Q: Which party between the LDP and the DPJ would you like to see win
in the next election for the House of Representatives?
 TPMF
LDP 27 (29) 25 30
DPJ 50 (46) 57 42
Other political parties 16 (16) 12 20
Q: The government and the ruling parties plan to hand out a per
capita benefit of 12,000 yen. Do you appreciate this cash payout?
TPMF
Yes 22 (21) 21 22
No 74 (70) 76 71
Q: Prime Minister Aso has indicated that he would not dissolve the
House of Representatives for a general election at least until the
budget for next fiscal year clear the Diet. Do you appreciate this
```

stance?

T P M F Yes 32 34 31 No 61 62 60

Q: Prime Minister Aso has indicated that the government would raise the consumption tax in three years if the economic situation changes for the better. Do you support this policy?

T P M F Yes 27 31 23 No 67 65 69

Q: Which form of government do you think is desirable?

T P M F
The current LDP-NK coalition 8 8 9
An LDP-DPJ grand coalition 34 30 38
The LDP's single-party government 6 6 6
An LDP-led coalition government 24 30 18
The DPJ's single-party government 9 11 8
A non-LDP, non-DPJ coalition government 8 7 9

(Note) Figures shown in percentage, rounded off. "0" indicates that the figure was below 0.5 PERCENT . "--" denotes that no respondents answered. "No answer" omitted. Figures in parentheses denote the results of the last survey conducted Dec. 6-7.

Polling methodology: The survey was conducted Jan. 24-25 over the telephone across the nation on a computer-aided random digit sampling (RDS) basis. A total of 1,591 households with one or more eligible voters were sampled. Answers were obtained from 1,046 persons (66 PERCENT).

(5) Prime Minister Aso's unwavering insights

TOKYO 00000185 008 OF 012

SANKEI (Page 13) (Full) January 22, 2009

By Hisahiko Okazaki, former ambassador to Thailand

Two requests to Mr. Koizumi

Please allow me to cite a private conversation with former Prime Minister Junichiro Koizumi. I will cite of course only what I said.

It was around the summer of 2004, after the House of Councillors election had been held in July and before the cabinet was shuffled in September. Ahead of the shuffle of the cabinet, I made two requests: altering the government's interpretation of the right to collective self-defense and raising the consumption tax rate. In the end, (the Koizumi cabinet) seemed unable to do anything about (my requests) for altering the interpretation of the right to collective self-defense and hiking the consumption tax. So I asked the prime minister never to say, "I will not do such during the tenure of this cabinet."

That was because it was a standard approach for the media and opposition parties to ask the prime minister's views on important issues in press conferences and question-and-answer sessions in the Diet and eventually tie the hands of the cabinet with his replies.

Prime Minister Koizumi is a person who rarely listens to the opinions of others, so I do not know how much he embraced my views. But as far as I know, he never made statements dismissive of my proposals until his tenure ended.

The two matters have something in common. It is common knowledge that when thinking of Japan's future, they are unavoidable matters. But from a common-sense standpoint of conventional politics, it is politically disadvantageous to mention them and it is safe to postpone them, saying, "I will not do such during the term of this cabinet."

Consumption tax and right to collective self-defense

Shortly before his administration was launched, Prime Minister Koizumi referred on television to the need to alter the interpretation of the right to collective self-defense. Then 9/11 occurred. As a result, priority was given to taking a string of defense-related legislative measures, and the subject faded away. The statement "during the tenure of this cabinet" was made in launching the shuffled cabinet.

And so I made the aforementioned requests so as not to blow up the last chance.

What is common between the two subjects is that Japan is really strange internationally when compared to other industrialized countries and that lawmakers have invented ostensibly good excuses to avoid facing up to this fact.

Japan's consumption tax rate is exceptionally low among industrialized countries. According to Iwao Nakatani's analysis, this is reflected in the fact that social disparity in Japan is the second largest after that in the United States.

Although Japan's poverty rate is not very different from that of

TOKYO 00000185 009 OF 012

other countries, the figure after income is redistributed, that is, after receiving social security and other benefits, is markedly high. Other industrialized countries with high consumption tax rates have welfare policies that assume a major burden.

When thinking of bringing state finances into balance, a cabinet naturally comes upon this matter. It can be dodged, however, by advocating reform that reduces unnecessary expenses.

The appropriate way to avoid the issue of the use of the right to collective self-defense is to amend the Constitution rather than to taking a stopgap measure of altering the interpretation.

Public reputation is like garbage

To begin with, if a cabinet is aware of harmful effects of restrictions on the use of the collective self-defense right on Japan's national interests, a means to correct it should not have to be an either-or choice. Doing everything possible is the right approach. Treating a matter like amending the Constitution, which nobody thinks can be achieved easily, as a condition is nothing but an act of sabotage.

Prime Minister Taro Aso has often been criticized lately. Such a public view is like floating grass. I was impressed by two points. One is that he remains uncompromising when it comes to his plan to hike the consumption tax rate in three years' time. Such is not possible without a firm insight about Japan's finances and economy.

Former Prime Minister Noboru Takeshita visited Thailand shortly before his resignation due to a sharp drop in his support ratings from the introduction of the consumption tax, followed by the suicide of his secretary. During that period, Prime Minister Takeshita told me that the consumption tax was the only achievement that could be handed down to posterity. I remember that I was deeply impressed by his insight for the country.

Another is that Prime Minister Aso has nonchalantly stated: "I have said all along that the interpretation of the right to collective self-defense must be changed."

I would like to see him continue voicing this view.

The rumor has it that the Cabinet Legislation Bureau has been doing the spadework to prevent the prime minister from repeating this view. The Cabinet Legislation Bureau is tasked with offering advice in response to the government's requests. It is not appropriate for the bureau to do the spadework in the government to maintain its own view. There is a need to find out whether the rumor is true or not,

and if it turns out to be true, the bureau must be condemned.

By just continuing to present unyielding views on the two matters, Taro Aso merits high assessment as the prime minister who has stood by his beliefs without making any easy compromises.

The bottom line is to protect national interests, and public opinion must be regarded as garbage.

(6) Second extra budget to be enacted possibly today: A little closer to compiling economic stimulus package; Diet approval for bills aimed at securing 4 trillion yen in financial resources not

TOKYO 00000185 010 OF 012

yet in sight; Discussion on additional measures behind timetable

NIKKEI (Page 3) (Abridged Slightly) January 27, 2009

Once the fiscal 2008 second extra budget is enacted, portions of measures designed to help companies manage their cash position and employment measures will at last get under way. However, there is no prospect for bills aimed at securing "hidden funds" (maizokin) from the special account to finance those measures being enacted. As such, policies that can be implemented right now are limited. The government and the ruling parties are making all-out efforts for the enactment of the fiscal 2009 budget. However, given the present state, in which the Japanese economy is rapidly worsening, the government's response is dubious in terms of specifics and speed.

The Aso administration made a public appeal on government efforts with one minister terming the first extra budget enacted in October 2008, the second extra budget and the fiscal 2009 budget a three-stage rocket. Fiscal disbursements incorporated in those bills as economic stimulus measures total 12 trillion yen. The amount in terms of project size comes to 75 trillion yen. The government maintains that Japan's economic stimulus package is in no way inferior to packages other leading countries have adopted.

Delay likely in cash handouts

The first extra budget has a strong flavor of being a measure to address the sharp rise in gas prices. Measures to address the financial crisis, which started last fall, and the resultant decline in the real economy will be fully readied with passage of the second extra budget. The second extra budget incorporates a 250 billion yen fund to be established for employment measures taken by local governments and expansion of a framework for the injection of public money into financial institutions. An emergency credit guarantee framework provided by credit guarantee corporations as a measure to help small- and medium-size businesses manage their cash position and a loan framework provided by government-affiliated financial institutions will be expanded to 30 trillion yen.

However, the implementation of the flat-sum cash handout scheme totaling 2 trillion yen will likely be delayed. This is because the Democratic Party of Japan (DPJ), which is opposing the cash handout scheme, is refusing to hold a vote on special exemption bills aimed at procuring fiscal resources by such means as to draw funds from a reserve in the special account for the fiscal investment and loans program. If the DPJ delays debate to the longest possible extent, the payment would be impossible by mid-March, when a revote on the bill in the Lower House becomes possible.

20 PERCENT of fiscal disbursements

Even if the second extra budget secures Diet approval, fiscal resources that are immediately available would be roughly 800 billion yen out of 4.8 trillion yen. Only about 20 PERCENT of the overall fiscal disbursements based on the three-stage rocket budget formula will thus be immediately available, even if 1.8 trillion yen from the first extra budget is included. This is only about 50 PERCENT -60 PERCENT of the project size costing 75 trillion yen.

Diet deliberations on the fiscal 2009 budget will move into full swing after the enactment of the second supplementary budget. Main

pillars of economic stimulus measures in that budget include an emergency reserve worth 1 trillion yen intended to address a possible sudden change in the economy, as well as a 1 trillion yen tax break, including a housing loan tax cut and a cut in the corporate tax imposed on small- and medium-sized businesses.

However, it is unclear whether it is possible to underpin the Japanese economy, which is rapidly losing steam since late last year, with the "three-stage rocket" alone. Yuji Shimanaka of the Mitsubishi UFJ Securities Economic Cycle Research Institute underscored the need to take additional economic stimulus measures, saying, "Now is the time to create demand artificially."

Voices calling for deregulation

To be precise, voices hoping for the strategic consolidation of infrastructure, such as the re-expansion of Haneda Airport and intensive investment in environment-related areas, are deep-seated. Some are calling for deregulation, as Ryutaro Kono of BNP Pariba Securities said, "There is a major growth potential in Japan's strongly regulated medical services and nursing-care areas in terms of productivity.

Views calling for the compilation of a second fiscal 2009 budget after passage of the fiscal 2009 budget have surfaced in the ruling camp. The Liberal Democratic Party's (LDP) project team has begun looking into a new set of employment measures.

However, if the government and the ruling parties are to materialize additional economic stimulus package during a Diet deliberations on the fiscal 2009 budget, the opposition camp is bound to oppose the move, insisting that the fiscal 2009 budget should be resubmitted, instead." The situation is such that the government and the ruling camp have no other choice but to pour their energy into Diet deliberations for the time being, according to a senior ruling party official.

(7) Autobiography of former Ambassador Howard Baker: I took oath of office, feeling expectations based on Bush's stance of prioritizing Japan

NIKKEI (Page 36) (Full) January 26, 2009

George W. Bush, who became the 43rd U.S. president in 2000, included many persons knowledgeable about Japan in his administration, in an attempt to demonstrate his stance of placing emphasis on Japan.

In early spring of 2001, Chief of Staff to President Bush Andy Card called me under President Bush's instruction. He said on the phone: "The president wants you to assume the ambassadorship in Japan." I did not make a definite reply at that time. Several days later, I attended a dinner party hosted by Catherine Graham, owner of Washington Post Company, where I met President Bush.

President Bush found me during the party, and I was beckoned and went over to him, leaving my wife, Nancy. Bush said with a sober look: "Howard, I am serious. I want you to become ambassador to Japan by all means." I replied: "If you really want me to, I will undertake the post."

I heard this afterward, but Colin Powell, who assumed office as

TOKYO 00000185 012 OF 012

secretary of state, had recommended me for the ambassadorship in Japan. Richard Armitage, who is a close friend of Powell and became deputy secretary of state, also promptly agreed to Powell's idea. Powell then conveyed his idea to President Bush, and Bush gave approval.

Ahead of the 50th anniversary of the signing of the San Francisco Peace Treaty in September 2001, Japan-U.S. relations became strained due to the collision between a U.S. Navy submarine and the Japanese fishing training ship "Ehime Maru," as well as incidents involving U.S. military personnel.

After asked by Bush to assume office as ambassador to Japan, I sought Nancy's view. She said: "You have been given a new chance in your life." I was 75 years old at that time, and I was worried about my age. However, I decided to take the position, based on the judgment there would be no problem if I served only one term (four years).

On March 26, President Bush officially announced his decision to nominate me as ambassador to Japan. In his statement, Bush said: "Mr. Baker is a real statesman (politician). The designation of Mr. Baker, who is rich in experience and has a wealth of expert knowledge, to the ambassadorship represents my stance of placing emphasis on relations with Japan." He expressed his hopes that this appointment would send a strong message of his emphasis on relations with Japan.

Mike Mansfield, who was my senior as Senate majority leader and was a prominent ambassador to Japan, used to say: "U.S.-Japan relations are the most important bilateral relationship in the world."

When Mansfield decided at the end of 1988 to resign after 11 years as ambassador to Japan, some in Japan voiced hopes that I would become his successor. I recalled that when I later assumed office as ambassador.

On June 26, three months after the official announcement, I took an oath of office with President Bush and Nancy in attendance. An inauguration is usually held in the President Office in a businesslike manner, but as many as 350 persons attended my swearing in. Successive ambassadors to Japan stood behind me, including the 98-year-old Mansfield, Mondale, Armacost, and Foley.

President Bush in a merry mood introduced the successive ambassadors, including me, as "oomono (heavyweights)" in Japanese. In delivering my speech, I felt the great expectation and responsibility that was being placed on my shoulders. I expressed my determination to make utmost efforts in performing my last official mission, saying: "There is a special relationship between Japan and the U.S."

ZUMWALT